

Message Text

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ACTION NEA-16

INFO OCT-01 EUR-25 ISO-00 FEA-02 AEC-11 AID-05 CEA-02

CIAE-00 CIEP-03 COME-00 DODE-00 EB-12 FPC-01 H-03

INR-11 INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01

SAM-01 SCI-06 SP-03 SS-20 STR-08 TRSE-00 FRB-03 SAJ-01

LAB-06 SIL-01 PA-04 USIA-15 PRS-01 IO-14 DRC-01 /203 W

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FM USINT ALGIERS

TO SECSTATE WASHDC 1186

INFO AMEMBASSY PARIS

AMEMBASSY RABAT

AMEMBASSY TUNIS

USMISSION OECD UNN

USMISSION EC BRUSSELS

C O N F I D E N T I A L ALGIERS 2143

E.O. 11652: GDS

TAGS: PFOR, FR, AG

SUBJ: FRENCH-ALGERIAN RELATIONS

SUMMARY: BOTH FRENCH AND ALGERIAN GOVERNMENTS ARE TRYING TO OVERLOOK POTENTIALLY DISRUPTIVE INCIDENTS AND WORK TOWARD SETTLEMENT OF OUTSTANDING DISPUTES AND DEVELOPMENT OF CGOSER COOPERATION. PACE OF EXCHANGES HAS INCREASED AND CAREFUL SCHEDULE OF EVENTS HAS BEEN PREPARED TO CREATE POSITIVE ATMOSPHERE FOR VISIT OF GISCARD D'ESTANG EARLY IN 1975. ONE ALGERIAN OBJECTIVE IS TO KEEP FRANCE FROM PARTICIPATING FULLY IN CONSUMER NATION EFFORTS TO COORDINATE ENERGY POLICIES AND RESIST HIGH OIL PRICES. END SUMMARY

1. CONVERSATIONS THIS WEEK WITH FRENCH EMBASSY OFFICIALS INDICATE THAT FRENCH-ALGERIAN RELATIONS ARE CONFIDENTIAL

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ON COURSE OF STEADY IMPROVEMENT. NEITHER SIDE IS

ALLOWING POTENTIALLY EXPLOSIVE INCIDENTS TO INTERRUPT THIS PATTERN. RESULTANT CLOSER FRANCO-ALGERIAN COOPERATION COULD EXPEDITE EEC-ARAB DIALOGUE, IMPROVE ATMOSPHERE FOR UPCOMING EEC-MAGHREB TALKS AND ENCOURAGE FRANCE TO FOLLOW MORE INDEPENDENT PETROLEUM POLICY.

2. MOST RECENT POTENTIALLY DISRUPTIVE INCIDENTS ON FRENCH SIDE HAVE BEEN EXPULSION OF ABOUT TEN FRENCH RESIDENTS OF ALGERIA ON VAGUE CHARGES OF "IMMORALITY" AND HIGHLY CRITICAL ALGERIAN MEDIA REACTION TO FRENCH ENERGY CONSERVATION MEASURES. GOF HAS DECIDED NOT TO MAKE FORMAL PROTEST ON EITHER COUNT. EXPELLEES WERE REPORTEDLY ASSOCIATED WITH MINISTER OF STATE CHERIF BELKACEM, WHO IS STILL OUT OF FAVOR. FRENCH EMBASSY HAS ALSO REFRAINED FROM INTERVENING IN TICKLISH NEGOTIATIONS FOR ALGERIAN TAKEOVER OF SEVERAL FRENCH-OWNED COMPANIES IN RECENT MONTHS. ALGERIANS ON THEIR SIDE HAVE TEMPERED THEIR REACTIONS TO BOMBING OF AIR ALGERIE OFFICE IN MARSEILLE AND TO STEADY TRICKLE OF ALGERIAN WORKERS BEING EXPELLED FROM FRANCE BECAUSE OF IMPROPER WORK DOCUMENTS.

3. ON POSITIVE SIDE, RECENT DEVELOPMENTS OF IMPORTANCE INCLUDING AUGUST 8 SIGNATURE OF NEW FINANCIAL CONVENTION SETTling OUTSTANDING CLAIMS AND COUNTER-CLAIMS BY TWO STATE TREASURIES, ALGERIAN AGREEMENT TO UNBLOCK BANK ACCOUNTS OF EXPATRIATES (FRENCH) LEAVING ALGERIA DEFINITELY, VISIT OF SECRETARY OF STATE (FOREIGN COMMERCE) SEGARD IN CONNECTION WITH MAJOR FRENCH PARTICIPATION IN ALGIERS INTERNATIONAL FAIR, AND FOUR-DAY VISIT OF PCF SEC GEN GEORGES MARCHAIS TO ALGERIA WHICH IS REGARDED AS HAVING HEALED NINE-YEAR RIFT BETWEEN BOUMEDIENE REGIME AND FRENCH LEFT. FACT THAT BILATERAL TRADE BALANCE HAS SHIFTED STRONGLY IN ALGERIA'S FAVOR IN IMPORTANT FACTOR, LEADING FRANCE TO SEEK INCREASED EXPORTS AND AT SAME TIME ENCOURAGING NEW FLEXIBILITY BY BOTH SIDES ON CLAIMS. IN FIRST QUARTER OF 1974, FRENCH BILATERAL TRADE DEFICIT TOTALED \$46 MILLION, DESPITE 50 PERCENT INCREASE IN EXPORTS OVER FIRST QUARTER 1973 AND SLIGHT DECLINE IN TOTAL TONNAGE IMPORTS OF ALGERIAN OIL.

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4. UPCOMING EVENTS INCLUDE VISIT BY LARGE DELEGATION OF FRENCH PATRONAT HEADED BY HUVELIN IN LATE OCTOBER, VISIT OF FRENCH MININTERIOR PONIATOWSKI IN NOVEMBER AND VISIT OF ALGERIAN MIN INDUSTRY AND ENERGY ABDESSELAM WITH DELEGATION OF STATE CORPORATION EXECUTIVES ALSO IN NOVEMBER. ABDESSELAM VISIT WILL CONCENTRATE ON FRENCH COMPANIES INTERESTED IN TURN-KEY PROJECTS AND NOT ON GENERAL TRADE. POSSIBLE VISIT BY FRENCH MIN FINANCE

IS ALSO UNDER DISCUSSION.

5. OBJECTIVE OF THIS CAREFULLY ORCHESTRATED SERIES OF EXCHANGES IS TO MAKE AS MUCH PROGRESS AS POSSIBLE TOWARD SETTLEMENT OF OUTSTANDING BILATERAL ISSUES AND PROVIDE POSITIVE CLIMATE FOR VISIT OF FRENCH PRESIDENT GISCARD D'ESTANG IN EARLY 1975. ALGERIANS, FOR THEIR PART, SEE FRANCE AS KEY TO DEVELOPMENT OF SPECIAL EEC-ARAB RELATIONSHIPS AND COORDINATED APPROACH ON MEDITERRANEAN ISSUES. ON BILATERAL LEVEL, ALGERIAN LOOKS TO FRANCE AS MAJOR SOURCE OF FINANCIAL, TECHNICAL AND MATERIAL ASSISTANCE TO NEW FOUR YEAR PLAN. GOA WANTS FRANCE TO CONTINUE TO EMPLOY SOME 400,000 ALGERIAN WORKERS WHO WOULD OTHERWISE BE ON UNEMPLOYMENT ROLLS HERE. IT LOOKS TO FRANCE AS MAJOR PURCHASER OF ALGERIAN OIL AND GAS OVER NEXT DECADE AND HOPES THAT IN NEXT ROUND OF EEC ASSOCIATION TALKS, FRANCE WILL LOOSEN RESTRICTIONS ON ALGERIAN WINE. ALGERIANS ARE ALSO CAUTIOUSLY EXPLORING WAYS FRANCE CAN LESSEN THEIR RELIANCE ON SOVIET UNION FOR MILITARY EQUIPMENT AND TRAINING. FINALLY, BY HOLDING OUT LURE OF BETTER RELATIONSHIP WITH ARABS AND ASSURED LONG TERM ACCESS TO ENERGY RESOURCES (ALBEIT WITHOUT PRICE CONCESSIONS), GOA HOPES TO DISCOURAGE FRANCE FROM PARTICIPATING FULLY IN CONSUMER NATION EFFORTS TO COORDINATE ENERGY POLICIES AND RESIST HIGH OIL PRICES.

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